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FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC PRIORITY 3608
INFO RUEHBO/AMEMBASSY BOGOTA PRIORITY 6163
RUEHBR/AMEMBASSY BRASILIA PRIORITY 5282
RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 1084
RUEHCP/AMEMBASSY COPENHAGEN PRIORITY 0102
RUEHGE/AMEMBASSY GEORGETOWN PRIORITY 0156
RUEHLP/AMEMBASSY LA PAZ PRIORITY 1789
RUEHPE/AMEMBASSY LIMA PRIORITY 9997
RUEHMU/AMEMBASSY MANAGUA PRIORITY 1068
RUEHMN/AMEMBASSY MONTEVIDEO PRIORITY 0816
RUEHZP/AMEMBASSY PANAMA PRIORITY 1056
RUEHQT/AMEMBASSY QUITO PRIORITY 1862
RUEHSN/AMEMBASSY SAN SALVADOR PRIORITY 0836
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 3350
RUEHAO/AMCONSUL CURACAO PRIORITY 0674
RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 0370
RUEHMI/USOFFICE FRC FT LAUDERDALE PRIORITY 2909
RHEHNSC/NSC WASHDC PRIORITY
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E.O. 12958: DECL: 02/10/2016

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SUBJECT: URUGUAY PRESIDENT'S STATE VISIT TO VENEZUELA

Classified By: POLITICAL COUNSELOR ROBERT R. DOWNES FOR 1.4 (D)

Summary

11. (C) During his state visit to Venezuela March 14-15, Uruguayan President Tabare Vazquez and President Chavez signed 12 cooperative agreements, discussed the revitalization of MERCOSUR, and held a joint press conference on free trade. The two also toured a shoe-manufacturing cooperative and paid homage to the remains of Simon Bolivar. While there was plenty of public love between the two presidents, it was clear that Vazquez came to Venezuela for economic benefits and, though he engaged in some leftist rhetoric, largely avoided taking any direct shots at the United States, and sung the praises of open markets -- a distinctly different line from that of Chavez. End Summary.

Mucho Cooperation

12. (U) Uruguayan President Tabare Vazquez visited Venezuela March 14-15 to sign several cooperative agreements, discuss the revitalization of MERCOSUR, and view first hand the social missions started by President Chavez. Vazquez enjoyed the use of Chavez's luxury A-300 presidential aircraft for both legs of his trip. During the trip, President Vazquez and President Chavez signed 12 cooperative agreements, which included the purchase of two companies by the BRV and its various state-owned enterprises. The state-owned oil company PDVSA purchased the Argentine service station network of Uruguayan state-owned oil firm ANCAP. Also, Venezuela's Economic Development and Social Bank (BANDES) will take

charge of Uruguay's failing National Savings and Credit Cooperative (COFAC). Other cooperative agreements were signed in the areas of information technology, housing, the health sector, industrial development, the airline industry, and satellite manufacturing development.

Press Conference

13. (C) On March 14, the two presidents held a joint press conference at Miraflores Palace. The Bolivarians clearly intended that the theme of the conference should be another anti-United States, anti-free trade tirade by Chavez. President Chavez lambasted the Free Trade Area of the Americas, calling it a criminal proposition. He later went on to say "what do you mean free competition? What is this, baseball?" Interestingly, Chavez became visibly perturbed by a seemingly innocuous question from one reporter on why Venezuela was bailing out a failed Uruguayan enterprise.

14. (U) Vazquez was much more cautious, however. He did take the opportunity to take a swipe at what he characterized as protectionist U.S. and E.U. agricultural policies, declaring that Latin American countries are held to a higher standard of no quotas and subsidies while the agricultural industry in the developed world is highly and unfairly subsidized. He also emphasized that Uruguay did not have signing a free-trade agreement with the United States on its agenda. However, Vazquez stressed that his country was still very much in favor of open markets and economic integration, and he stressed that MERCOSUR must continue to integrate in the globalizing economy if it wanted to continue to be

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relevant. Vazquez reiterated this theme in a television interview when he said there should not be "A, B and C countries" in trade agreements and that all should have the "same rights and obligations."

Presidents Spend the Day Together

15. (U) During the day, the two presidents toured a shoe-manufacturing cooperative, as one of Vazquez's goals was to view the social missions that Chavez had created. They also paid homage to the remains of Simon Bolivar at the National Pantheon north of Caracas. On March 15, Vazquez spoke before the National Assembly, where he received the key to the city, as well as the "Gran Cordon del Libertador," a gaudy, gold chain with a medallion picturing Simon Bolivar.

Comment

16. (C) Chavez rolled out the red carpet for Vazquez and was seemingly excited about his visit, as he is presumably another like-minded ally in the region. Vazquez appeared to be here for economic benefits, a goal he achieved through the 12 cooperative agreements and financial bailouts he secured with Chavez. Like a number of other Latin American leaders, Vazquez was ready to roll out some mildly leftist rhetoric in order to get on the BRV money train, but he was careful not to directly attack the United States. Chavez could not have been pleased by Vazquez ringing support for the integration of Latin America into the globalized economy.

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